



Competition and Consumer Policy Section
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1st June 2018

Re: Draft EU Directive on Unfair Trading Practices in Business to Business Relationships in the Food Supply Chain (COM (2018) 173 Final – 2018/0082 (COD))

Dear Sir/ Madam

We refer to the draft EU Directive on Unfair Trading Practices in Business to Business Relationships in the Food Supply Chain (COM (2018) 173 Final – 2018/0082 (COD)) (the “Draft Directive”) and in particular to the Department of Business, Enterprise and Innovation’s “Calls for Views” on same.

We have reviewed the Draft Directive, in particular the proposals as set out in Article 3, which propose to prohibit the following trading practices:

- Paying a supplier later than 30 days for perishable food products or later than 30 days after the date of delivery of such goods;
- A buyer cancels orders for perishable food products at such short notice that it is not possible to expect the supplier to sell such goods elsewhere;
- A buyer unilaterally and retrospectively changes the terms of the supply agreement concerning the frequency, timing, or volume of the supply or delivery, the quality standards or the prices of food products; and
- A supplier pays for the wastage of food products which occurs on the buyer’s premises but where the supplier is not negligent in causing such wastage.

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Taking each one of the aforementioned practices in turn, we would comment as follows:

Paying a supplier later than 30 days for perishable food products or later than 30 days after the date of delivery of such goods

1. Whilst we understand the rationale behind the proposal, we do not believe that introducing legislative prohibitions on payments to “small and medium sized suppliers” of certain food products over 30 days is commercially or economically appropriate.
2. Introducing prescriptive maximum payment terms for certain suppliers would impact cash management and result in additional cashflow pressure on vendors. This increased pressure from a cost perspective could be fatal for a number of vendors across the EU. Other vendors will be forced to pass on the increased costs associated with shorter payment terms to their respective customers, which would ultimately lead to inflation for the end user.
3. As the Draft Directive seeks to apply this prohibition on payments to “small and medium sized suppliers”, we feel that this may, in certain circumstances, prejudice the interests of such suppliers as vendors may be forced to seek alternative larger suppliers who are not within the remit of the Draft Directive.
4. It is our contention that in order to address the issue of long payment timeframes, provisions akin to the UK Groceries Supply Code of Practice should be introduced which, rather than define a maximum payment period, require retailers to pay suppliers *“in accordance with the relevant Supply Agreement, and, in any case, within a reasonable time after the date of the Supplier’s invoice”*.

A buyer cancels orders for perishable food products at such short notice that it is not possible to expect the supplier to sell such goods elsewhere;

On an overall basis, Greencore, as a collaborative partner to its suppliers, welcomes this proposal, however, we have concerns as to the subjectivity of “short notice”. Both the supplier and the vendor should be entitled to establish timeframes, which can form part of the supply agreement, under which cancellations are not permitted unless the vendor compensates the supplier for the reasonable and direct costs incurred as a result of the cancellation.

A buyer unilaterally and retrospectively changes the terms of the supply agreement concerning the frequency, timing, or volume of the supply or delivery, the quality standards or the prices of food products.

As with the above, Greencore welcomes this proposal and understands the importance of ensuring continuity of supply and as a general rule, does not seek to unilaterally or retrospectively change the terms of its supply agreements as they pertain to frequency, timing, or volume of the supply or delivery, the quality standards or the prices of food products. However, given the nature of the Fast Moving Consumer Goods industry, it is not always possible to predict the order frequency or volumes required.

Additionally in certain circumstances changes in food standards or customer requirements may require an amendment to the terms of supply. Therefore, it is our view that any Draft Directive provisions in this regard should allow for exceptions where warranted as neither supplier or vendors can legislate for future requirements, especially where operating under long term supply agreements. Whilst there should be an onus on vendors to provide compensation to the supplier for forecasting errors, this should only be in the event that the supplier has not provided the forecasts in good faith or if the vendor acknowledges in advance of supply and in accordance with the terms of the supply agreement that compensation for inaccurate forecasting will apply.


A supplier pays for the wastage of food products which occurs on the buyer's premises but where the supplier is not negligent in causing such wastage.

Greencore fully supports this proposal and it is not current practice to require suppliers to pay for wastage unless due to any action or inaction on the part of the supplier. As with the other proposals in the Draft Directive, it is imperative that parties have the ability to dis-apply this provision via any supply agreements and additionally that guidance is provided as to what would constitute negligence on the part of the supplier to remove any ambiguity.

As a general point, whilst these proposals are in the form of a Draft Directive and obviously this will allow each Member State to have the ability to introduce the Draft Directive into national law, it is imperative that there is a minimum level of enforcement.

We trust that you find the above useful, however, please do not hesitate to contact us should you require any further information.

Yours sincerely



Patrick Coveney
Chief Executive Officer